



# House of Representatives

General Assembly

**File No. 621**

January Session, 2013

House Bill No. 5358

*House of Representatives, April 24, 2013*

The Committee on Government Administration and Elections reported through REP. JUTILA of the 37th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## **AN ACT PROHIBITING STATE CONTRACTS WITH ENTITIES MAKING CERTAIN INVESTMENTS IN IRAN.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2013*) (a) For purposes of this  
2 section, "state agency" and "quasi-public agency" have the same  
3 meanings as provided in section 1-79 of the general statutes and "large  
4 state contract" has the same meaning as provided in section 4-250 of  
5 the general statutes.

6 (b) No state agency or quasi-public agency shall enter into any large  
7 state contract, or amend or renew any such contract with any person  
8 who (1) has failed to submit a written certification indicating whether  
9 or not such person has made an investment of twenty million dollars  
10 or more in the energy sector of Iran on or after October 1, 2013, as  
11 described in Section 202 of the Comprehensive Iran Sanctions,  
12 Accountability and Divestment Act of 2010, or has increased or  
13 renewed such investment on or after said date, or (2) has submitted a

14 written certification indicating that such person has made such an  
15 investment on or after October 1, 2013, or has increased or renewed  
16 such an investment on or after said date. Each such certification shall  
17 be sworn as true to the best knowledge and belief of the person signing  
18 the certification, subject to the penalties of false statement.

19 (c) Each state agency and quasi-public agency shall include in the  
20 bid specifications or request for proposals for a large state contract a  
21 notice of the certification requirements of this section. Prior to  
22 submitting a bid or proposal for a large state contract, each bidder or  
23 proposer shall submit a certification that such bidder or proposer has  
24 or has not made an investment as described in subsection (b) of this  
25 section.

26 (d) Any person who makes a good faith effort to determine whether  
27 such person has made an investment described in subsection (b) of this  
28 section shall not be subject to the penalties of false statement pursuant  
29 to this section. A "good faith effort" for purposes of this subsection  
30 includes a determination that such person is not on the list of persons  
31 who engage in certain investment activities in Iran created by the  
32 Department of General Services of the state of California pursuant to  
33 Division 2, Chapter 2.7 of the California Public Contract Code. Nothing  
34 in this subsection shall be construed to impair the ability of the state  
35 agency or quasi-public agency to pursue a breach of contract action for  
36 any violation of the provisions of the contract.

37 (e) The provisions of this section shall not apply to any contract of  
38 the Treasurer as trustee of the Connecticut retirement plans and trust  
39 funds, as defined in section 3-13c of the general statutes, provided  
40 nothing in this subsection shall be construed to prevent the Treasurer  
41 from performing his or her fiduciary duties under section 3-13g of the  
42 general statutes.

43 Sec. 2. (*Effective from passage*) Not later than thirty days after the  
44 effective date of this section, the Secretary of the State shall inform the  
45 Attorney General of the United States of the passage of section 1 of this  
46 act by the General Assembly.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>October 1, 2013</i>	New section
Sec. 2	<i>from passage</i>	New section

**GAE**      *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill prohibits any state or quasi-public agency from entering into certain contracts with any person who fails to certify that he or she has not invested \$20 million or more in Iran's energy sector. These provisions are not anticipated to result in a fiscal impact to the state.

***The Out Years***

***State Impact:*** None

***Municipal Impact:*** None

**OLR Bill Analysis****HB 5358*****AN ACT PROHIBITING STATE CONTRACTS WITH ENTITIES MAKING CERTAIN INVESTMENTS IN IRAN.*****SUMMARY:**

This bill prohibits state and quasi-public agencies from entering into, renewing, or amending a large state contract with anyone who (1) fails to certify that he or she has not invested \$20 million or more in Iran's energy sector or (2) certifies that he or she has made, renewed, or increased such an investment (see COMMENT). The prohibition applies to investments made on and after October 1, 2013 and to prior investments increased or renewed on and after that date.

Under the bill, bidders and proposers must submit the certification before submitting a bid or proposal for a large state contract. The certification must be sworn as true to the person's best knowledge and belief, subject to the penalties for false statement. Agencies must include notice of these requirements in bid specifications or requests for proposals (RFP) for such contracts. Iran's energy sector, as defined by federal law, includes activities to develop petroleum or natural gas resources or nuclear power in Iran. A large state contract is one valued at more than \$ 500,000 in a calendar or fiscal year for building construction, procurement, or service contracts; leases; or licensing agreements.

The bill exempts from the penalty for false statement affiants who make a good faith effort to verify whether they have made a prohibited investment. It specifies that a good faith effort includes determining that the person does not appear on a list, published by the California Department of General Services, of people who have made prohibited investments.

The bill does not apply to any contract of the state treasurer in her role as trustee of the Connecticut retirement plans and trust funds. By law, the treasurer must divest and not invest further in any Iranian-issued security or investment. She may divest, or decide against future investments of, state funds in any company doing business in Iran after various considerations.

Lastly, the bill requires the secretary of the state to notify the U.S. attorney general of the bill's requirements within 30 days of its passage, as required by federal law.

EFFECTIVE DATE: October 1, 2013, except that the provision requiring notification by the secretary is effective upon passage.

## COMMENT

### ***Possible Conflict With Federal Law***

The 2010 federal Comprehensive Iran Sanctions, Accountability, and Divestment Act (CISADA) (P.L. 111-195) allows state and local governments to divest or prohibit the investment of assets in certain entities that do business with or invest in Iran's energy sector. The bill does not directly require the state to determine that an entity has made prohibited investments (as CISADA requires), but rather bars contracting with entities who fail to certify that they have not made prohibited investments (or who certify that they have made such investments).

Additionally, CISADA requires state and local governments to give such entities 90 days' written notice before divesting or prohibiting the investment of assets. The bill requires no such notice, other than that which accompanies the bid specifications or RFP.

## COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 14 Nay 0 (04/05/2013)